

HOUSE BILL REPORT

HB 1702

As Reported by House Committee On:
Health Care

Title: An act relating to expanding access to health insurance coverage.

Brief Description: Creating the "Health Care Responsibility Act" to expand access to health insurance coverage.

Sponsors: Representatives Cody, Campbell, Moeller, Appleton, Morrell, Green, Conway, Schual-Berke, Simpson, Darneille, Lantz, Kenney, Murray, Ormsby, Chase and Hasegawa.

Brief History:

Committee Activity:

Health Care: 2/17/05, 2/24/05 [DP].

Brief Summary of Bill

- Imposes a fee on large employers to be used to purchase health insurance for employees.
- Authorizes the Health Care Authority to use Basic Health Plan (BHP) funds to subsidize employee premium shares for employer sponsored health insurance.
- Small employers may enroll as a group in the BHP and have their costs subsidized from savings accruing from the conversion of subsidized BHP enrollees to fee supported enrollees.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass. Signed by 9 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Lantz, Moeller and Schual-Berke.

Minority Report: Do not pass. Signed by 5 members: Representatives Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Condotta and Hinkle.

Staff: Dave Knutson (786-7146).

Background:

Employees of many large employers do not have access to health insurance through their employer. An employer is free to choose whether to offer health insurance coverage to their employees. If these employees sign up for coverage through the Basic Health Plan or the Medicaid program, the public subsidizes the cost of their health care. Employers who do not provide health insurance for their employees do not directly contribute to the cost of publicly subsidized health insurance.

Summary of Bill:

Employers with more than 50 full-time equivalent employees will be assessed a fee for every employee working up to 86 hours per month. The fees will be sufficient to pay for Basic Health Plan (BHP) coverage for an adult. Employers that provide health coverage for their employees may deduct from the fee their aggregate expenses for providing health insurance coverage or other health care benefits for employees.

Low wage employees of small employers may obtain assistance through the Basic Health Plan to pay for their share of their employer sponsored health insurance premium. Premium assistance will be available to low income employees if the biennial operating budget provides funding for 100,000 covered lives and if certain requirements related to small employer insurance coverage and eligibility conditions are met.

A small employer group enrollment option is established for participation in the Basic Health Plan. Small employers can apply for group coverage and receive a subsidy through the Basic Health Plan. This option will be available if savings result from the conversion of subsidized enrollees in the Basic Health Plan to fee-supported enrollees and the Legislature appropriates the savings to finance this option.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: Large employers have an unfair competitive advantage if they do not provide health coverage for their workers. If they do not cover their employees, they should pay a fee to provide coverage through the Basic Health Plan.

Testimony Against: This bill will drive up costs for business and result in employees being laid off. There are many reasons employees decline health coverage from their employers; they may be covered by a spouse, another employer, or be retired.

Persons Testifying: (In support) Mike Kreidler, Washington State Insurance Commissioner; Craig Coles, Brown & Coles; Randy Joseph, Joseph & Associates CPAs; Sean Corry, Sprague Krael Insurance; John Boonstra, Washington Association of Churches; Len McComb,

Washington State Hospital Association; Darnell Dent, Community Health Plan of Washington; Vickie Ybarra, Yakima Valley Farm Workers Clinic; Bob Crittenden, Washington Association of Family Physicians; Joe Crump, United Food and Commercial Workers; Tiffany Owens and Bill Daley, Washington Citizens Action; and Dina Burstein, Service Employees International Union District 1199 NW and Registered Nurse at Harborview Hospital.

(Opposed) Steve Gano, Wal-Mart Corporation; John Harfner, Wal-Mart Stores, Inc.; Craig Garthwaite, Employment Policies Institute; Mellani Hughes McAllenan, Association of Washington Business; Carolyn Logue, National Federation of Independent Business; Denny Eliason, Washington Restaurant Association; Dan Fazio, Washington Farm Bureau; and Mark Johnson, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: (In support) Jerri Wood, Washington State Alliance for Retired Americans; Jerry Beckendorf, Retired Public Employees Council; Janice Olmsted, United Food and Commercial Workers 1001; Cyndi Mullenhoff, Avail Home Nursing; Joe Crump, United Food and Commercial Workers Washington State Council.

(Opposed) Kerri Lonergan, Independent Business Association.